



State of Wisconsin \ DEPARTMENT OF NATURAL RESOURCES

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STATE OF WISCONSIN LEGISLATURE BEFORE THE SENATE COMMITTEE ON ENVIRONMENT

TESTIMONY PRESENTED IN THE MATTER OF
SENATE BILL 664
Date: April 8, 2010

INTRODUCTION

Good morning, Senator Miller and members of the Committee. My name is Jeanne Cargill. I'm the lead worker for DNR's Safe Drinking Water Loan Program, and I've been a Clean Water Fund Program project manager for 17 years. Senate Bill (SB) 664 directly impacts both of these funding programs. The Department of Natural Resources supports Senate Bill 664.

This bill provides authority to the loan programs to allow them to continue running as smoothly as possible during State Fiscal Year 2011 while meeting temporary federal requirements that add complexity to both the Safe Drinking Water Loan Program and the Clean Water Fund Program. States must follow the temporary requirements for the current federal fiscal year only. These requirements were enacted as part of the federal Appropriations Act that provided funds for the Federal Fiscal Year 2010 State Revolving Fund capitalization grants.

The Appropriations Act requires each state to use a specific portion of this year's capitalization grant to provide additional subsidy to eligible applicants. SB 664 allows the Clean Water Fund Program and the Safe Drinking Water Loan Program to meet this requirement by authorizing the programs to forgive a portion of a loan applicant's

principal at the time of loan closing. Without this legislation, the State would likely have to apply for the principal forgiveness portion of the federal capitalization grant separately from the portion to be used for loans, causing the funding processes to become administratively complicated and confusing for Wisconsin's municipalities. In addition, the programs would not be able to deliver the principal forgiveness subsidies that applicants are expecting to be part of this year's loan programs, likely causing some to put off needed infrastructure projects.

Twenty percent (20%) of this year's capitalization grants must be used for costs incurred for work related to "green" categories. This bill would allow DNR, when making funding decisions, to consider the extent to which a project: promotes water or energy efficiency, is environmentally innovative, or includes green infrastructure.

The Conference Report for the federal Appropriations Act states that "priority for additional subsidies should be given to projects in communities that could not otherwise afford such projects." SB 664 allows DNR to use the median household income and population of each municipality when making funding decisions. Population and median household income data are commonly used in determining financial need.

By passing SB 664 the Wisconsin legislature would provide the Clean Water Fund Program and the Safe Drinking Water Loan Program the authority to temporarily run a little differently, allowing compliance with federal legislation and the ability to meet the water, wastewater and storm water infrastructure financing needs of Wisconsin municipalities in State Fiscal Year 2011.

Thank you for the opportunity to comment on this bill. I'd be happy to answer any questions you might have.

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